

BOARD OF COMMUNITY HEALTH

April 14, 2004

The Board of Community Health held its regularly scheduled meeting in the Carl E. Sanders Fireplace Room, Capitol Education Center, 180 Central Avenue, Atlanta, Georgia. Board members attending were Carol Fullerton, Chairman; Frank Rossiter, M.D., Secretary; Joyce Blevins; Lloyd Eckberg; Kent (Kip) Plowman; and, Stephanie Kong, M.D. (participated via teleconference call); and, Commissioner Tim Burgess. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments #1 and #2.)

Ms. Fullerton called the meeting to order at 10:10 a.m. The Minutes of the March 10 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Commissioner Burgess began by stating the Department ran out of money on March 17. Payments normally made to Medicaid providers were suspended at the end of the day on the 17th. The total amount of suspended claims totaled approximately \$59 million. After the Governor and Legislature approved the Supplemental 2004 Budget, appropriations were transferred to the Department and claims were processed the following week. ACS and ESI were very helpful and responded quickly to assist the Department during this fiscal crisis. In updating the Board on the Nursing Home Bed Tax issue implemented in July 2003, Commissioner Burgess reported that it had been approved by CMS. He also reported that the Department is currently discussing rates and fees with providers of Emergency Medical Services and Ambulance Services and anticipates working out a reasonable arrangement with them in the near future that would be fiscally viable for the Department. Commissioner Burgess will continue to update the Board on the status of this issue.

After questions from the Board, Commissioner Burgess called on Carie Summers, Chief Financial Officer, to begin an update on the Budget and Cashflow. Ms. Summers stated that for Fiscal Year 2004 the Department has concentrated on the cash situation and will continue to monitor expenditures throughout the fiscal year. For the January to March quarter, on average the Department has paid \$4 million more in claims than last year. The second phase of the Department's recoupment strategy has been going well. The Advanced Payment Receivable Recoupments are being monitored on a weekly basis. The statistics for the week of April 12 were as follows: recoupment - \$24,613,321; overage (shortfall) for the week - \$4 million; overage (shortfall) to date - \$35.7 million and the Accounts Receivable Balance - \$367.3 million. The Department is in the process of developing strategies for the third phase of the recoupment. Prospective payments to Mental Retardation Waiver program providers will end by May 1. Ms. Summers stated the Department anticipates the forecasted cash balance for the last week of the fiscal year will be negative. This will be monitored closely until the end of the fiscal year.

Ms. Summers began the FY 2005 Budget Update with an overview of the FY 2005 Base Budget – Conference Committee Version. The FY 2005 Appropriation was \$2 billion state funds, \$58 million in tobacco funds, \$148 million in Indigent Care Trust Fund and \$5.8 billion in federal and other funds totaling \$8.1 billion. She mentioned the following items that reflected changes approved by the Conference Committee: Under Reductions and Adjustments -- I.) Reduce Price – a.) revise hospital outpatient payments to 85.6% of hospital outpatient costs; b.) increase Average Wholesale Price discount to 11%, c.) continue generic incentive fee program and increase generic utilization from 50.5% to 51.5% and d.) implement a supplemental drug rebate program for all drug classes; II.) Cost Sharing – a.) implement a sliding fee scale premium payment structure based on income for members covered by PeachCare with a family cap of \$70, b.) implement the federally required Estate Recovery Program to offset the cost of nursing home care, c.) reflect savings for implementing patient liability collections for hospice recipients in nursing homes, and d.) require non-custodial parents with access to health insurance to provide coverage for their children currently insured by Medicaid and Peachcare; III. Reduce Utilization – a.) provide case management for in-home therapy visits, and b.) require prior approval for the provision of speech, occupational and physical therapy services in the Children Intervention Services program; IV. Limit

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Scope of Services – a.) the Orthotics and Prosthetics Program was not eliminated; V. Eligibility Reductions – a.) eliminate coverage for those incomes exceeding 200% Federal Poverty Level. She continued with Operations – Administration Reductions/Adjustments – a.) eliminate DCH funding for supporting and contracting for Health Care Workforce initiatives; Additions – a.) increase State funding for Medicaid benefits to fund the projected cost of incurred claims for prior years and the projected cash need for FY 2005 claims; b.) increase State funding for PeachCare benefits to fund the projected cost of FY 2005 claims; Reduce Utilization – Disease/Case Management – a.) implement a targeted case management program for frequent users of emergency room services through a PPO program; and b.) use existing SOURCE sites to provide disease case management to members with the highest Medicaid cost without a PPO program; and, Other Adjustments – a.) implement strategies to address the State Health Benefit Plan premium increase. Ms. Summers stated implementation of the Katie Beckett Wavier premium payments and elimination of Adult Dental Services coverage was not approved in this budget. She recognized and thanked Bryant Wilcher, Budget Officer and Jason Bearden, Director of the Office of Planning and Fiscal Analysis, for their hard work during the General Assembly session. After questions and comments from the Board, Ms. Summers concluded the update. (The Department's FY 2005 Base Budget is attached hereto and made an official part of these Minutes as Attachment #3.)

Commissioner Burgess called on Wade Miller, Chief Information Officer, to give an update on ACS. The update included information on the following topics: Mass Reprocessing/Mass Adjustment Status, System Tickets and Defects Status and Operation Statistics. Mr. Miller began by stating that the Department has begun reprocessing claims submitted April 2003 through June 2003. The mass adjustments include 10 to 15 categories of service. The Department has been working with ACS throughout this process and anticipates completion by June 4. Of the 1,505,242 claims selected from payment cycles 4/7/03 through 5/19/03, 1,195,976 reprocessed; 309,266 not reprocessed, 61% paid and 31% suspended. 194,655 claims have been selected from the 5/26/03 payment cycle are due to be released the week of April 12. 218,322 claims have been selected from the 6/2/03 payment cycle and are currently being reviewed. Some claims have been excluded due to system defects and will be reprocessed early this summer. Other claims have suspended and are currently being worked on by ACS. The System Ticket Status is as follows: 1.) Of 211 tickets (they represent issues that are to be resolved), 199 tickets have been completed with 12 outstanding; 2.) Of 185 tickets (they represent issues that are getting resolved in order to finalize the system and will match the Department's policy), 103 have been completed and 82 are outstanding; 3.) Of 178 tickets (they represent issues that need to be completed in the system to match the Department's policy), 40 have been completed and 138 are outstanding; and 4.) Of 75 tickets (they represent deferred functionality issues to be completed after the system has been stabilized), 38 have been completed and 37 are outstanding.

Mr. Miller continued by stating in February, 135,238 entities had registered on the web portal. The total transactions for March were 2,457,544. In February, the response time for claims entry was 10.8 seconds, claims status - 4.8 seconds, eligibility inquiry - 2.2 seconds and referral entry - 2.7 seconds. 4,075,964 claims were paid with 1,145,143 denied and 1,267,200 suspended. In March, the Call Center answered 94.95% of the calls received in the center. The Department and ACS are currently preparing for the CMS certification. After questions and comments from the Board, Mr. Miller concluded the update.

Commissioner Burgess called on Laura Jones, Director, Legislative & External Affairs, to give a Legislative Update. Ms. Jones stated the Legislature adjourned on April 7. Ms. Jones brought to the Board's attention the following legislation that passed: House Bill 1751 – would allow the Department to contract with any federally qualified health center for inclusion of its employees and dependents in the State Health Benefit

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Plan; Senate Bill 431 – would require identified agencies of state government to notify the General Assembly of the availability of reports, audits and budgets. An amendment was added on the floor of the House of Representatives requiring the Department to provide annual reports on the state employee's health insurance plan. The Department would be required to report on the fiscal condition by February 1 of each year and the proposed schedule of premiums, deductibles and the employee cost sharing for the next open enrollment period by March 1 of each year. At the department's request, the Senate sponsor changed the reporting date to April 1 of each year; and Senate Resolution 461 – would create a Senate Medicaid Study Committee to study the current policies and procedures of Medicaid and develop statistics on utilization, costs and expenditures. These bills and resolution directly impact the Department. She also brought to the Board's attention two bills that did not pass: Senate Bill 447 – it would prohibit the Department from imposing restrictions, including prior authorization, on medications prescribed for patients receiving treatment for certain mental illnesses enrolled in Medicaid or any state funded health care program and House Bill 1704 – it would require the Department to report annually on the fiscal condition of the Medicaid program. Additionally, the bill would prohibit the Department from enrolling Medicaid members in a managed care plan without legislative approval. Ms. Jones will present a comprehensive analysis of the bills being tracked at the May 12 meeting. After addressing questions from the Board, Ms. Jones concluded the update.

Commissioner Burgess called on Neal Childers, General Counsel, to present an Emergency Rule. Mr. Childers stated the purpose of the Emergency Rule is to modify a subsection of an existing rule, 272-2-.01 (19) (j) in light of changes in the creation of composite indices by the Department of Commerce of the United States. The Bureau of the Census of the U.S. Department of Commerce no longer publishes a composite construction index or appropriate replacement index. Other Bureaus within the U.S. Department of Commerce publish similar composite indices based on construction prices, and it is the intent of the Department to use such indices. Mr. Plowman MADE THE MOTION to APPROVE the Proposed Rule on an Emergency Basis to make it effective immediately. Mr. Eckberg SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The Board UNANIMOUSLY APPROVED the Proposed Rule on an Emergency Basis to make it effective immediately. Mr. Plowman MADE THE MOTION to APPROVE the Proposed Rule as a permanent rule. Mr. Eckberg SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The Board UNANIMOUSLY APPROVED the Proposed as a Permanent Rule. (The Emergency Rule is attached hereto and made an official part of these Minutes as Attachment #4.)

Ms. Fullerton announced that the May 12 Board meeting will be held in Albany, Georgia. There being no further business to be brought before the Board at the April 14 meeting Ms. Fullerton adjourned the meeting at 11:35 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____ DAY OF _____, 2004.

MRS. CAROL FULLERTON
CHAIRMAN

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ATTEST TO:

FRANK ROSSITER, M.D.

Secretary

Official Attachments:

- #1 – List of Attendees
- #2 – April 14 Agenda
- #3 - FY 2005 Base Budget
- #4 - Emergency Rule